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IN THE

Supreme Court of the United States

October Term, 1971.

No. 71-570.

BURLINGTON INDUSTRIES, INC.,
Petitioner,

v.

THIOKOL CHEMICAL CORPORATION,
Respondent.

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

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Appendix.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 19,166, 71-1029, 71-1030 AND 71-1031

THIOKOL CHEMICAL CORPORATION

v.

BURLINGTON INDUSTRIES, INC.,
AND AVISUN CORPORATION

THIOKOL CHEMICAL CORPORATION,
Appellant in No. 19,166,

AVISUN CORPORATION,
Appellant in 71-1029,

BURLINGTON INDUSTRIES, INC.,
Appellant in Nos. 71-1030 and 71-1031

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Argued March 30, 1971

Before HASTIE, *Chief Judge,* and SEITZ and
ALDISERT, *Circuit Judges.*

OPINION OF THE COURT

(Filed September 7, 1971)

HASTIE, *Circuit Judge.*

These consolidated appeals are from judgments in two consecutive suits, each filed in the District Court for the District of Delaware by the manufacturer of certain carpet backing against owners of certain patents to obtain declaratory judgments as to the validity of the patents and their possible infringement by the plaintiffs.

The complaint in the first suit acknowledges that the defendants have granted the plaintiff a non-exclusive license to use the patents in question and that the plaintiff has paid royalties thereunder for one type of carpet backing that it manufactures and sells. Plaintiff also asserts that it is about to manufacture and proposes to sell a somewhat different backing. It is alleged that the defendants have claimed that both backings are covered by the patents, although in fact and in law the patents are invalid and cover neither backing, and that royalties heretofore paid on one backing were paid in error. The complaint asks for a declaratory judgment that the manufactures in question do not infringe the patents, that the patents are invalid and that the plaintiff is entitled to recover the amounts paid as royalties.

The district court granted a defense motion to dismiss the action for want of federal jurisdiction. The only basis of jurisdiction pleaded or arguable is that section 1338(a) of title 28, United States Code, makes this action cognizable in a United States District Court as one that "arises under" the patent laws.[1]

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1. Section 1338(a) reads:

"(a) The district court shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. . . ."

To support that claim, the plaintiffs rely upon *Lear, Inc. v. Atkins,* 1969, 395 U. S. 653. But that decision merely abrogated the judge-made doctrine of "license estoppel" which had been a defense to attack by a licensee upon a patent, the benefit of which he had sought and received. Moreover, that case came to the Court for review of a decision of a state court. Thus, the question whether such a suit as we have here is within original federal jurisdiction was not before the court in the *Lear* case.

In resolving the jurisdiction question against the plaintiffs, the court below appropriately quoted the rationalization of the Supreme Court in *Public Service Comm'n v. Wycoff Co.,* 1952, 344 U. S. 237, 248: "Where the complaint in an action for declaratory judgment seeks in essence to assert a defense to an impending or threatened state court action, it is the character of the threatened action, and not of the defense, which will determine whether there is federal-question jurisdiction in the District Court."

Here, the plaintiff was threatened with no more than a suit by the defendants charging it as patent licensee with breach of contract to pay agreed sums for the licensed use of certain patents.[2] The prospect was that the question of the validity of the patents would arise only as a defense asserted by the present plaintiff. Hence, the controversy does not "arise under" the patent laws. *Product Engineering & Mfg., Inc. v. Barnes,* 9th Cir. 1970, 424 F. 2d 42; *Ski Pole Specialists, Inc. v. McDonald,* 9th Cir. 1968, 159 U. S. P. Q. 709; *Cf. MacGregor v. Westinghouse Elec. & Mfg. Co.,* W. D. Pa. 1942, 45 F. Supp. 236, *aff'd.* 3d Cir. 1942, 130 F. 2d 870.

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2. Plaintiff suggests in its brief that defendants, relying on plaintiff's refusal to pay royalties as a repudiation of contract, might terminate the license and then move against plaintiff and its vendees as infringers. But there is no allegation or indication that defendants have proposed or threatened to follow that course.

The appellants cite decisions of lower federal courts which they view as reaching contrary conclusions.[3] However, we agree with the district court that the *Public Service Comm'n v. Wycoff* rationalization is controlling. The first action was properly dismissed.

In the second case, filed in May, 1970, after the dismissal of the first case, the same plaintiff has sued the same defendants in the same district court again seeking a declaratory judgment that the same patents are invalid. However, after the filing of the first suit and before the filing of the second significant events occurred. In December, 1969, Burlington Industries had sued Thiokol Chemical Corp. in a Pennsylvania state court for royalties allegedly due under the licensing agreement. Thereafter, in March, 1970, the licensing agreement was terminated under procedure provided by the agreement itself.

The district court denied a motion to dismiss this action and in a separate order restrained further proceedings in the state action pending disposition of this appeal. The defendants sought and have been allowed appeals from the interlocutory order denying their motion to dismiss the action. Appellant Burlington also has appealed from the order temporarily staying the state action.

The termination of the license agreement removed the obstacle to federal jurisdiction that precluded the maintenance of the first suit. Moreover, under the liberal doctrine that prevails in this circuit, we think the second complaint sufficiently discloses a justiciable controversy

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3. Leesona Corp. v. Concordia Mfg. Co., D. R. I. 1970, 312 F. Supp. 392, and JFD Electronics Corp. v. Channel Master Corp., S. D. N. Y. 1964, 229 F. Supp. 514, upon which appellants rely, and the more recent decision in Beckman Instruments, Inc. v. Technical Development Corp., 7th Cir. 1970, 433 F. 2d 55, do not even advert to the rationalization of the concept of "arising under" the patent laws that we have expressed and believe to be correct and controlling.

between the plaintiff and the defendants whether the patents are valid and infringed. *Cf. Dewey & Almy Chemical Co. v. American Anode, Inc.*, 3d Cir. 1943, 137 F. 2d 68; *Treemond Co. v. Schering*, 3d Cir. 1941, 122 F. 2d 702.

It remains to consider whether granting relief to the plaintiff would violate the statutory command that a "court of the United States may not grant an injunction to stay proceedings in a state court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments." 28 U. S. C. § 2283. Before the filing of this second federal suit, Burlington Industries had sued the present plaintiff in a state court to collect royalties allegedly due on account of past use of the questioned patents. Moreover, the federal complaint asserts that Thiokol has refused to pay royalties because it believes that the patents are invalid and have not been infringed. Thus, the principal legal issues upon which the state action is likely to turn are the validity and the infringement of the patents. Preferring a federal adjudication of these questions, the plaintiff seeks through the present action to forestall an otherwise competent and authoritative state ruling.

In such circumstances, it is clear that section 2283 of title 28 precludes the issuance of a federal injunction restraining the prosecution of the state action. *Atlantic C. L. R. Co. v. Engineers*, 1970, 398 U. S. 281; *Vernitron Corp. v. Benjamin*, 2d Cir. 1971, 440 F. 2d 105. The fact that the disputed matter turns on a question of federal law does not justify a different result. For, as pointed out in the *Atlantic Coast Line* case:

> "[A] federal court does not have inherent power to ignore the limitations of § 2283 and to enjoin state court proceedings merely because those proceedings interfere with a protected federal right or invade an

> area preempted by federal law, even when the interference is unmistakably clear. . . . [I]f the District Court does have jurisdiction, it is not enough that the requested injunction is related to that jurisdiction, but it must be *'necessary in aid of'* that jurisdiction. . . . [T]he state and federal courts had concurrent jurisdiction in this case, and neither court was free to prevent either party from simultaneously pursuing claims in both courts." 398 U. S. at 294-95.

Normally, the policy that precludes federal injunctions against state actions is also applied to prohibit declaratory judgments which, though not enjoining the state proceeding, would decide and preempt the matter pending there. *Oklahoma Packing Co. v. Oklahoma Gas & Electric Co.*, 1940, 309 U. S. 4; *H. J. Heintz Co. v. Owens*, 9th Cir. 1951, 189 F. 2d 505. True, the statute explicitly prohibits only injunctions. Its analogical extension to prohibit declaratory judgments is justified in situations where the underlying policy against unseemly interference with proper state litigation applies to both. But if the state suit is likely to turn on a question of federal law with which a federal court is likely to be more familiar and experienced than the state court, and if the state court does not proceed in normal course to adjudicate the matter or otherwise manifests willingness to hold its hand pending federal decision on that question,[4] we think it is neither necessary nor desirable to construe section 2283 as precluding the federal court from issuing a declaratory judgment on the common federal question. Indeed, sound policy dictates that the federal court proceed to decision.

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4. Such action was recently taken by the state Supreme Court in a California case. Order of October 29, 1969 in Adkins v. Lear, L. A. No. 29204-07.

Accordingly, we conclude that the district court correctly refused to dismiss the second suit. However, that suit should not proceed unless and until it shall appear to and be found by the district court that the state court is willing to hold the matter before it in abeyance pending a declaratory federal adjudication.

Finally, the foregoing considerations do not apply to the district court's order in so far as it enjoined prosecution of the state proceeding pending decision in the second federal action. Even though that injunction is of limited duration and for a commendable special purpose, we think it cannot be squared with section 2283.

At No. 19,166 the order of the district court will be affirmed. At Nos. 71-1029 and 71-1030 the order of the district court will be affirmed with instructions to proceed in the suit as instructed in this opinion. At No. 71-1031 the district court will be instructed to vacate its order. No costs in this court shall be awarded to any party against any other.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT.

No. 19,166.

THIOKOL CHEMICAL CORPORATION,
Appellant,

v.

BURLINGTON INDUSTRIES, INC., AND
AVISUN CORPORATION.
(D. C. Civil Action No. 3782)

Nos. 71-1029/31.

THIOKOL CHEMICAL CORPORATION

v.

BURLINGTON INDUSTRIES, INC., AND
AVISUN CORPORATION,

AVISUN CORPORATION,
Appellant in No. 71-1029,

BURLINGTON INDUSTRIES, INC.,
Appellant in Nos. 71-1030/1.
(D. C. Civil Action No. 3906)

ON APPEALS FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE.

Present: SEITZ, *Chief Judge,* and HASTIE and
ALDISERT, *Circuit Judges.*

JUDGMENT.

These causes came on to be heard on the records from the United States District Court for the District of Delaware and were argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the said District Court at our case No. 19,166, and filed in Civil Action No. 3782 on June 5, 1970, be, and the same is hereby affirmed; at our cases Nos. 71-1029 and 71-1030, the order of the said District Court, filed December 11, 1970, be, and the same is hereby affirmed, with instructions to proceed in the suit as instructed in the opinion of this Court; at our case No. 71-1031, the order of the said District Court, which order enjoined the further proceeding by plaintiff Thiokol and defendant Burlington in Civil Action No. 1578, Court of Common Pleas, Bucks County, Pennsylvania, and filed December 11, 1970, be, and the same is hereby vacated, in accordance with the opinion of this Court. No costs in this Court to any party.

Attest:

THOMAS F. QUINN,
Clerk.

September 7, 1971.

IN THE
UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE.

CIVIL ACTION No. 3906.

THIOKOL CHEMICAL CORPORATION,
Plaintiff,

v.

BURLINGTON INDUSTRIES, INC., AND
AVISUN CORPORATION,
Defendants.

Francis J. Trzuskowski, of Connolly, Bove & Lodge, Wilmington, Delaware; William C. Conner and Gordon K. Lister, of Curtis, Morris & Safford, New York City, N. Y., for plaintiff.

Edward B. Maxwell, II, of Young, Conaway, Stargatt & Taylor, Wilmington, Delaware; Wallace G. Newcomb and Stuart S. Bowie, of Paul & Paul, Philadelphia., Pa., and Hyde W. Ballard, of Norristown, Pa., for defendant Burlington Industries, Inc.

Aubrey B. Lank, of Theisen, Lank & Kelleher, Wilmington, Delaware; C. Frederick Leydig, William B. Ross and William T. McClain, of Wolfe, Hubbard, Leydig, Voit & Osann, Chicago, Ill., for defendant Avisun Corporation.

OPINION.

WRIGHT, *Chief Judge.*

This is an action for declaratory judgment under 28 U. S. C. §§ 2201 and 2202. It was filed shortly after this Court's decision in an earlier declaratory action involving the same parties and the same controversy in which defendants' motion to dismiss for lack of jurisdiction was granted.[1]

Defendants have moved to dismiss this new complaint on the grounds that it fails to state a claim upon which relief can be granted and that the Court lacks jurisdiction over the subject matter. Fed. R. Civ. P. 12(b)(6) and 12(b)(1). Defendants assert that the complaint fails to allege an "actual controversy" between the parties over which the Court has jurisdiction to grant declaratory relief and that the Court's previous decision is *res judicata* as to this action.

Plaintiff filed its first action against the defendants Burlington and Avisun on September 19, 1969, seeking a judgment declaring that two of its products are not covered by patents under which it was then licensed by defendant Burlington,[2] that the licensed patents are invalid, that the licensed patents have been misused, and that no royalties are payable under the license. Prior to this plaintiff informed defendant Burlington that it would no longer pay royalties, and shortly thereafter it gave the 90-day notice required to terminate the license agreement. In accordance

1. Thiokol Chemical Corp. v. Burlington Industries, Inc., 313 F. Supp. 253 (D. Del. 1970). Since the previous action is identical to the instant case with the exception of one particular—the termination of the licensing agreement—the Court will not reiterate in this opinion much of the law and fact discussed in the previous opinion. The previous opinion will be cited only by page number.

2. Defendant Avisun was joined in both actions because it is alleged to own one of the patents in question. 313 F. Supp. at 254.

with the termination provision the licensing agreement terminated March 31, 1970. The Court's earlier decision was based on the state of facts as they existed while the licensing agreement was still in effect.[3]

It is apparent that the sole factual difference between this action and the previous one in which the Court found it had no jurisdiction is the termination of the licensing agreement. Therefore, the various arguments by the parties reduce themselves to one dispute: whether or not the termination of the licensing agreement, given the other circumstances identical to both actions, is a determinative jurisdictional factor. If it is not a determinative factor, the logic of the Court's earlier opinion would naturally apply to this action. Similarly, if the termination of the licensing agreement is not significant, the doctrine of *res judicata* would apply since the earlier action would involve the same parties, the same controversy, the same legal issues and the same material facts. Because the Court here decides that the termination of the licensing agreement is a determinative jurisdictional factor, a complicated discussion of the application of *res judicata* to jurisdictional matters is unnecessary.[4]

It should be clear from the Court's opinion in the first case that the decision was premised on the fact that since the licensing agreement between the plaintiff and defendant Burlington was still in effect at the time the suit was filed it was theoretically and practically impossible for the de-

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3. *Id.* at 256.

4. It is well established that the principles of *res judicata* apply to decisions on jurisdiction. See, e.g., American Surety Co. v. Baldwin, 287 U. S. 156, 166 (1932); 1B Moore, Federal Practice ¶ 0.405[5]. By the same token, a dismissal for lack of jurisdiction does not preclude a later action if in the interim the requisite jurisdictional events have occurred. See, e.g., United States v. Costello, 171 F. Supp. 10, 21-22 (S. D. N. Y. 1959), *aff'd* 275 F. 2d 355 (2d Cir. 1960), *aff'd* 365 U. S. 265 (1961); 1B Moore, Federal Practice ¶ 0.405[5] at p. 661.

fendant to have "charged" the plaintiff with infringement. The Court stated at 313 F. Supp. 255:

> The charge of infringement creates a justiciable controversy between the parties and the declaratory remedy permits a plaintiff to have an adjudication of the patent's validity and scope without waiting for suit by the patentee.
>
> Defendants state that they have made no charge of infringement of the licensed patents; indeed, they could not. * * * The purpose of a license agreement is to insulate those who pay for the use of patented processes or products from infringement charges and the burden of litigation. There are three situations only when a licensee could be charged with infringement: (a) the allegedly infringing devices are not covered by the license; (b) the license has expired; or (c) plaintiff has repudiated the license * * *. None of those conditions is present in the instant case. The notice given in December, 1969, caused the agreement to terminate in March, 1970, but that fact cannot confer jurisdiction retroactively on this Court * * *. (citations omitted)

Since the legal barrier to a "charge of infringement" is eliminated in this action, the question becomes whether the statements and activities of the defendants amount to a charge of infringement within the meaning of the relevant case law.

Plaintiff contends that it has been charged with infringement by reason of the construction logically created by: (1) the statement in the licensing agreement that plaintiff's products "* * * but for this license, would infringe any of the claims of said patent"; (2) the defendant Burlington's consistent and repeated demands for payment

of royalties under the licensing agreement; (3) the unchallenged fact that plaintiff is manufacturing and during all relevant times has manufactured the same products that the defendants say the license covers; (4) the fact that the license has been terminated; and (5) the defendants' presently pending suit in Pennsylvania state court against plaintiff for royalties under the license.

Defendants contend that the complaint is fatally defective because it fails to specifically allege in terms that defendant charged plaintiff with infringement and that the facts pleaded do not amount to a charge of infringement. The first contention is, of course, unmeritorious: a complaint need state the facts from which the claim arises, not legal conclusions about the alleged facts. Fed. R. Civ. P. 8. The second contention must be evaluated in light of a number of earlier cases in this area.

The jurisdictionally required "actual controversy" does not exist in a declaratory action until the patentee "makes some claim that his patent is being infringed." Treemond Co. v. Schering Corp., 122 F. 2d 702, 705 (3rd Cir. 1941). It is, however, quite clear that this claim or "charge" need not be made in any particular legal jargon or ceremony; any set of words or acts will do if it "clearly manifests defendant's intent to assert his patent rights as covering plaintiff's product." Smith-Corona Marchant, Inc. v. American Photocopy Equipment Co., 214 F. Supp. 348, 350 (S. D. N. Y. 1962). Analysis of the cases in this field indicates that Professor Moore's view that the "charge of infringement" requirement has been given a "very liberal interpretation" is well substantiated by the case law. See, e.g., Muller v. Olin Mathieson Chemical Corp., 404 F. 2d 501, 504 (2nd Cir. 1968).

Two cases decided by the Third Circuit adequately point up the liberal interpretation of the requisite threat necessary to ground a declaratory judgment action. In

Dewey & Almy Chemical Co. v. American Anode, Inc., 137 F. 2d 68 (3rd Cir. 1943), the Court held that an actual controversy was presented where the patentee had sued other manufacturers for infringement and made claims in those suits concerning the scope of its patent sufficiently broad to cover the plaintiff's process even though the patentee had not approached the plaintiff and, indeed, alleged that it did not even know that plaintiff used such a process. Similarly, and perhaps more broadly, the Third Circuit found an actual controversy in Simmonds Aerocessories, Ltd. v. Elastic Stop Nut Corp., 257 F. 2d 485 (3rd Cir. 1958) (trade mark case) even though there was absolutely no threat of litigation because the defendant had prevented plaintiff's competition by other means. The Court concluded that "since the plaintiff had notice of the defendant's adverse position, it was not necessary that an actual threat of infringement and litigation be shown." *Id.* at 490.

In this case there is much more. The defendants' suit in state court and, indeed, the allegations concerning the entire history of the licensing agreement demonstrate that defendants forcefully take and have always taken the position that the patents are valid and that plaintiff's products infringe on those patents. Now that the licensing agreement is terminated, the plaintiff is quite right in believing that the defendants will one day (perhaps quite soon) accuse the plaintiff of infringing their patents by reason of its current operations. The purpose of the Declaratory Judgment Act in the patent area is to prevent a patentee from suing at his leisure if lengthy delay adversely affects potential or actual manufactures.

There can be no doubt that the parties are engaged in a controversy[5] and that the main, if not exclusive, bone of

5. "There is no question that plaintiff and defendant are embroiled in a dispute about the license agreement and the underlying patents." 313 F. Supp. at 255.

contention is the validity of the defendants' patents, a matter normally subject to the exclusive jurisdiction of the federal courts. Plaintiff continues to make the products that defendants have contended are covered by the patents; it continues to refuse to pay royalties. Defendants' suit to recover those royalties, when taken together with all of the other factors involved in this case "clearly manifests defendant's intent to assert his patent rights as covering plaintiff's product." Smith-Corona Marchant, Inc. v. American Photocopy Equipment Co., supra.

Defendants took the position at oral argument that a holding by the Court that the defendants' state court suit for royalties under the licensing agreement amounted to a charge of infringement sufficient to create an "actual controversy" and ground a federal declaratory judgment action by the licensee would have the untoward result of systematically ousting state courts of jurisdiction of contract claims in any situation where a licensor goes into state court to recover on his contract for royalties. The short answer to this contention is that it may well be true, although the Court only decides in this case that the circumstances before it in this dispute warrant a finding that there exists an actual federal controversy arising under the patent laws.

On the more basic issue of the division of jurisdiction between state and federal courts, it would seem that where, as here, the main dispute between a licensor and licensee is the validity and scope of federal patents, a limited monopoly granted by sole virtue of federal law, the federal forum is the better forum for the resolution of all the issues between the parties. Federal courts have exclusive jurisdiction over patent cases. 28 U. S. C. §1338(a). This exclusive jurisdiction rests on the presumption that federal courts will promote the "strong federal policy favoring free competition in ideas which do not merit patent protection." Lear, Inc. v. Adkins, 395 U. S. 653, 656 (1970). See also: Sears,

Roebuck v. Stiffel Co., 376 U. S. 225 (1964); Compco Corp. v. Day-Brite Lighting, Inc., 376 U. S. 234 (1964). Of course, *Lear* did not expand the jurisdiction of the federal courts in patent cases;[6] but *Lear, Sears, Roebuck* and *Compco* all demonstrate conclusively that where state law—statutory or judicial—inhibits either directly or indirectly the policies underlying the federal patent laws the federal patent law policies must override state law.

No conflict between state law and federal patent law has been presented on this motion. But the Court is of the view that in this matter of jurisdiction, if there is a choice between federal and state jurisdiction, the choice must lie with the federal courts. If the state court action proceeds, Thiokol will undoubtedly assert the invalidity of the federal patents as a defense, and plaintiff intimates that defendants' real purpose in deferring from an infringement action and merely suing in state court for royalties is to attempt to obtain a ruling that the patent is valid from a state court inexperienced in federal patent law and awed by the Patent Office's grant of the patent in suit.[7] This Court refuses to adhere to any such uncomplimentary view of the capability of the Pennsylvania state courts and intimates no view as to why the defendants wish to avoid for the present a federal court suit on the validity and scope of their patents. But the complaint in this action alleges that the patents are invalid, do not cover plaintiff's products and are misused by the defendants. These allegations must be accepted as true for purposes of this motion to dismiss. And, if these allegations are true, the defendants' posture in the state court action represents the type of overreaching by patent-

6. 313 F. Supp. at 255.

7. Plaintiff asserted at oral argument that, after *Lear*, a state court decision upholding defendants' right to receive royalties would be *res judicata* on the federal questions of the validity and scope of the patents. Needless to say, the Court does not consider these questions.

ees that the Supreme Court's decisions in *Lear, Sears, Roebuck* and *Compco* were intended to curtail.

While defendants delay the commencement of an infringement suit against plaintiff, plaintiff's damages continue to mount if his products actually infringe defendants' patents. His business may be harmed. Their state court suit involving only one year of the many past and future years of dispute between these parties cannot possibly resolve all the differences between them. Now that the licensing agreement is terminated, this Court would have to close its eyes to reality to ignore the continuing threat of an infringement suit against the plaintiff and deny, on that basis, that there is an "actual controversy" between them arising under the patent law.

The motion to dismiss is denied. Submit order in accordance herewith.

Wilmington, Delaware
November 16, 1970

IN THE
UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE.

CIVIL ACTION No. 3906.

THIOKOL CHEMICAL CORPORATION,
Plaintiff,

v.

BURLINGTON INDUSTRIES, INC.,
AND AVISUN CORPORATION,
Defendants.

ORDER.

At Wilmington, on this 11th day of December, 1970, defendant Burlington Industries, Inc. having moved to dismiss the above action on the grounds that the Complaint fails to state a claim upon which relief can be granted and that the Court lacks jurisdiction over the subject matter; and defendant Avisun Corporation having moved to dismiss the above action on the same grounds; and the said motions having been presented; and the matters having been briefed by the parties and counsel having been heard; and the Court having considered the motions and determined that the said motions should be denied for the reasons set forth in its Opinion dated November 16, 1970, it is

ORDERED that defendants' motions to dismiss the above action are hereby denied.

It is a further opinion of the Court in view of the fact that the Court's opinion resolved a question of first impres-

sion and the fact that the Court's opinion dismissing the Complaint in Civil Action No. 3782, Thiokol Chemical Corporation v. Burlington Industries, Inc. and Avisun Corporation on similar grounds and closely related facts, is currently being appealed to the United States Court of Appeals for the Third Circuit, and that a civil action (Burlington Industries, Inc. v. Thiokol Chemical Corporation, C. A. No. 1578, Dec. Term, 1969, Court of Common Pleas of Bucks County, Pennsylvania) is currently pending in Bucks County, Pennsylvania between plaintiff herein and one of the defendants herein for royalties and that civil action is being delayed by pending preliminary objections based on the pendency of the case now on Appeal (i.e. C. A. 3782), that a controlling question of law as to which there is a substantial ground for difference of opinion is presented by the above identified motions and that an immediate appeal from the above Order may materially advance the ultimate termination of the litigation between these parties,

AND THEREFORE, IT IS HEREBY FURTHER ORDERED

That, pursuant to 28 U. S. C. 1292(b), defendant is granted leave to petition in the United States Court of Appeals for the Third Circuit for permission to appeal from this interlocutory order.

/s/ CALEB M. WRIGHT,
Chief Judge.

Approved as to form:

Date Dec. 10, 1970

/s/ THOMAS S. LODGE,
Attorney for Thiokol Chemical Corporation.

/s/ EDWARD B. MAXWELL, 2ND,
Attorney for Burlington Industries, Inc.

/s/ AUBREY B. LANK,
Attorney for Avisun Corporation.

IN THE
UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE.

CIVIL ACTION No. 3906.

THIOKOL CHEMICAL CORPORATION,
Plaintiff,

v.

BURLINGTON INDUSTRIES, INC.,
AND AVISUN CORPORATION,
Defendants.

ORDER TO STAY.

AND NOW, TO WIT, this 11th day of December, 1970, this Court, on the application of defendants, having entered an Order certifying this case to the United States Court of Appeals for the Third Circuit, pursuant to 28 U. S. C., Section 1292(b), the Court on its own motion, in consideration of the orderly administration of justice, and over the objection of defendant, Burlington Industries, Inc., hereby

ORDERS that the plaintiff Thiokol and the defendant Burlington in the within action are hereby ordered not to proceed further in the case captioned *Burlington Industries, Inc. v. Thiokol Chemical Corporation,* Civil Action No. 1578, presently pending in the Court of Common Pleas of Bucks County, Pennsylvania, until the final disposition of defendants' petition under Rule 5, F. R. A. P., for an appeal from the Order entered herein upon this Court's Opinion dated

November 16, 1970 denying defendants' motion to dismiss the within action and in the event of such appeal, until the final disposition of such appeal.

/s/ CALEB M. WRIGHT,
Chief Judge.

Approved as to form:

/s/ THOMAS S. LODGE,
Attorney for Plaintiff.

/s/ EDWARD B. MAXWELL, 2ND,
Attorney for Defendant Burlington Industries, Inc.

/s/ AUBREY B. LANK,
Attorney for Defendant Avisun Corporation.